

- a. If all materials are not on-site and staged, prior to the first day of each respective outage, the Contractor shall pay for all costs associated with mobilization and demobilization plus a performance penalty \$100,000.00, representing a small percent of the actual performance penalty incurred by IGS for two years of operation without the contract boiler modifications.
  - b. For each day, at the start of each respective outage, that the Contractor (or his subcontractors) is not prepared to proceed with the approved installation plan, the contractor shall be penalized a total of \$100,000.00, up to a total of 10 days or \$1,000,000.00. This penalty applies only to aspects of the work that are the responsibility of the Contractor and his subcontractors.
  - c. For each day or portion thereof, that the Contractor exceeds the 'Boiler Released to Operations' date specified in the contract Installation Plan, the Contractor shall be penalized \$100,000.00. The maximum penalty for extending a single unit outage shall be 10 days or \$1,000,000.
  - d. The Contractor shall be allowed to avoid one day of penalty associated with exceeding the 'Boiler Released to Operations' date, should such occur, if all materials and equipment are received and staged at the site in accordance with the approved Installation Plan, at least one week prior to the outage start date. All boiler tubing and must be received at the site at least two weeks prior to the outage start date in order to take advantage of this incentive.
  - e. For each tube or weld failure (tube leak) incident occurring at a Contractor installed tube or weld within two years of installation, the Contractor shall pay to IPSC the sum of \$10,000.
10. Contract Termination: IPSC reserves the right, by giving written notice to the Contractor, to terminate the whole or any part of this Contract at IPSC's convenience, whether or not the Contractor is in default. In the event of termination, IPA will pay the Contractor reasonable and proper termination costs; however, if the Contractor's Proposal includes cancellation charges, payment for termination costs shall not exceed the cancellation charges set forth therein. Termination of the work shall not constitute the basis for a claim for damages or loss of anticipated profits and the Contractor hereby releases IPA, IPSC, and LADWP from any such claim.
- The Contractor shall, after consultation with IPSC, take all reasonable steps to minimize the costs related to termination. The Contractor shall provide IPSC with an accounting of costs claimed, including adequate supporting information and documentation and IPSC may, at its expense, audit the claimed costs and supporting information and documentation.
11. Typical Site Weather Conditions:  
The average daily temperature at the plant site is 90°F in summer and 45°F in winter. During winter it is common for the temperature to stay below 10°F for up to two (2) weeks. Winter snow is a common occurrence and can stay on the ground for extended periods. The boilers are located indoors but are open to ambient conditions during outages. The Contractor shall come prepared for temperature extremes.